

MORRIS COUNTY UNIFIED SCHOOL DISTRICT NO. 417

Council Grove, Kansas

REGULATORY BASIS FINANCIAL STATEMENT  
AND  
INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 2014

ALDRICH AND COMPANY LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
COUNCIL GROVE, KANSAS

Morris County Unified School District No. 417  
Council Grove, Kansas

REGULATORY BASIS FINANCIAL STATEMENT  
For the Fiscal Year Ended June 30, 2014  
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Morris County Unified School District No. 417  
Council Grove, Kansas

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# ALDRICH & COMPANY, LLC

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## Independent Auditor's Report

Board of Education  
Morris County Unified School District No. 417  
Council Grove, KS 66846

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Morris County Unified School District No. 417, Council Grove, Kansas, as of and for the year ended June 30, 2014 and the related notes to the financial statement.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for Adverse Opinion on the U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, USD 417 prepared this financial statement to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on the U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Morris County Unified School District No. 417, Council Grove, Kansas, as of June 30, 2014, or the changes in its financial position or cash flows for the year then ended.

**Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Morris County Unified School District No. 417, Council Grove, Kansas, as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, agency funds summary of receipts and disbursements, and district activity funds schedule of receipts and expenditures (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. As part of this presentation, certain prior year comparative information has been presented for a comparative analysis and is not a part of the basic financial statement. This comparative information has been derived from the District's June 30, 2013 financial statement and, in our report dated November 26, 2013, we expressed an unmodified opinion on the financial statement and respective schedules, taken as a whole, on the regulatory basis of accounting. The June 30, 2013 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link. <http://da.ks.gov/ar/muniserv/>. All supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare June 30, 2014 and 2013 basic financial statement. The June 30, 2014 and 2013 information has been subjected to the auditing procedures applied in the audit of the June 30, 2014 and 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the June 30, 2014 and 2013 information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

*Aldrich Company, LLC*

ALDRICH AND COMPANY LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
January 6, 2015

Morris County Unified School District No. 417  
Council Grove, Kansas

Summary of Statement of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Fund	\$ 0	\$ 0	\$ 5,344,540	\$ 5,336,832	\$ 7,708		\$ 7,708
Supplemental General - L.O. B.	115,165	0	1,819,460	1,798,583	136,042	112,672	248,714
Special Purpose Funds							
At Risk Four Year Old	21,663	0	39,000	38,216	22,447		22,447
At Risk (K-12)	15,527	0	514,202	514,031	15,698		15,698
Bilingual Education	8,838	0	55,540	52,037	12,341		12,341
Vocational Education	48,994	0	171,471	163,535	56,930		56,930
Special Education	365,597	0	778,570	803,660	340,507		340,507
Food Service	109,853	0	447,153	433,360	123,646		123,646
Driver Training	37,743	446	9,590	20,447	27,332		27,332
Capital Outlay	602,595	283	346,347	308,832	640,393	147,103	787,496
Summer School	18,840	0	0	0	18,840		18,840
Professional Development	106,829	69	14,015	7,375	113,538		113,538
Extraordinary School Program	34,646	0	19,960	24,487	30,119		30,119
KPERS Retirement	0	0	488,074	488,074	0		0
Gifts and Grants	21,667	0	11,393	26,142	6,918		6,918
Textbook Rental	121,973	154	20,397	33,897	108,627		108,627
Contingency Reserve	330,285	0	0	0	330,285		330,285
Title I	0	89	120,764	120,853	0		0
Title IIA - Improving Teacher Quality	0	600	35,595	36,195	0		0
Rural Education	0	0	22,644	22,644	0		0
Redemption Fund	916,994	0	9,454	0	926,448		926,448
District Activity Funds	20,626	0	132,687	117,475	35,838		35,838
Bond and Interest Fund							
Bond & Interest	495,137	0	604,927	607,080	492,984		492,984
Capital Project Fund							
School Improvement Fund	418	0	0	0	418		418
Trust Funds							
Private Purpose Trust Funds	13,350	0	4,948	4,882	13,416	0	13,416
Total Reporting Entity - (Excluding Agency Funds)	<u>\$ 3,406,740</u>	<u>\$ 1,641</u>	<u>\$ 11,010,731</u>	<u>\$ 10,958,637</u>	<u>\$ 3,460,475</u>	<u>\$ 259,775</u>	<u>\$ 3,720,250</u>

The accompanying notes are an integral part of this statement.

Morris County Unified School District No. 417  
Council Grove, Kansas

Summary Statement of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014

Composition of Cash:

Petty Cash on Hand	\$ 200
U.S.D. 417 Checking & Savings Accounts:	
Farmers & Drovers Bank, Council Grove, Kansas	1,217,832
Farmers & Drovers Bank School Imp	938,904
Farmers State Bank, Dwight, Kansas	97,704
Alta Vista State Bank, Alta Vista, Kansas	126,302
Emprise Bank, Council Grove, Kansas	19,586
Activity Funds Checking Accounts:	
Farmers & Drovers Bank, Council Grove, Kansas	66,275
Farmers State Bank, Dwight, Kansas	1,730
Alta Vista State Bank, Alta Vista, Kansas	11,521
Certificates of Deposit:	
Farmers & Drovers Bank, Council Grove, Kansas	550,000
Alta Vista State Bank, Alta Vista, Kansas	<u>730,000</u>
Total Cash	3,760,054
Less Agency Funds per Schedule 3	<u>(39,804)</u>
Total Reporting Entity	<u>\$ 3,720,250</u>

The accompanying notes are an integral part of this statement.

Morris County Unified School District No. 417  
Council Grove, Kansas

NOTES TO THE FINANCIAL STATEMENT  
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Unified School District No. 417 was organized in accordance with State Statutes to provide a system of public education to elementary through high school students who reside within the designated District areas. USD No. 417 is a municipal corporation governed by an elected seven-member board of education. The District's financial statement does not include any related municipal entities.

Regulatory Basis Fund Types

The accounts of the District are organized and operated on the basis of funds, which are used to record the District's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the District.

General Funds - the chief operating fund. Used to account for all financial resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Capital Project Fund - used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (student organization accounts, etc.)

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in accordance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the district to use the regulatory basis of accounting.



Morris County Unified School District No. 417  
Council Grove, Kansas

NOTES TO THE FINANCIAL STATEMENT  
June 30, 2014

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding eighteen month period on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time.

After the listed procedures have been followed, the Kansas State Board of Education computes what the maximum legal general fund budget of operating expenses can be. For the fiscal year ended June 30, 2014, the State calculation of the legal maximum general fund budget was \$5,219,680 and the Supplemental General Fund Budget \$1,798,583. In accordance with Kansas statutes, a district will be penalized state aid equal to the amount expended in excess of the computed statutory limitation plus any qualifying budget credits. The District was within its maximum legal general fund budget and its supplemental general fund budget authority for the fiscal year ended June 30, 2014.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, trust and agency funds, and the following special purpose funds: Textbook Rental, Contingency Reserve, Federal & State Grant Funds, School Improvement Fund, Redemption Fund and District Activity Funds.

Spending in funds, which are not subject to the legal annual operating budget requirement, is controlled by federal regulations, other statutes, or by use of internal spending limits established by the governing body.

Property Tax Revenue

Property taxes are levied by the Kansas Counties in which the School District resides on November 1 and are payable in two installments on December 20 and May 10 of the subsequent year. The Counties collect and distribute in the succeeding year all property taxes collected for the District. Therefore, taxes levied for the District on November 1, 2014 will be distributed to the District by the County during 2015.

Use of Estimates

The preparation of financial statements in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of cash receipts, expenditures, and cash and unencumbered cash balances at the date of the financial statement. Accordingly, actual results could differ from those estimates.

Morris County Unified School District No. 417  
Council Grove, Kansas

NOTES TO THE FINANCIAL STATEMENT

June 30, 2014

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONT)

Compliance with Finance-Related Legal and Contractual Obligations

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports, Department of Education, and interpretation by the County Attorney and legal representatives of the municipality.

Deposits were not adequately secured for a short period of time during the year, in accordance with K.S.A. 9-1402.

Management is not aware of any other statutory violations for the period covered by this audit

NOTE 3 - DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories that may be used by the Government. The statute requires banks eligible to hold the Government's funds have a main or branch bank in the county in which the Government is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate or return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Government has no investment policy that would further limit its investment choices.

Concentration of credit risk -- State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. USD 417 has not designated peak periods.

At June 30, 2014, USD 417's carrying amount of deposits was \$3,759,854 and the bank balance was \$4,596,185. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$854,897 was covered by federal depository insurance and \$3,741,288 was collateralized with securities held by the pledging financial institutions' agents in USD 417's name. All deposits were legally secured at June 30, 2014.

Custodial credit risk-investments-- For an investment, this is the risk that, in the event of the failure of the issuer or counter party, the Government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside part. State statutes require investments to be adequately secured.

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Morris County Unified School District No. 417  
Council Grove, Kansas

NOTES TO THE FINANCIAL STATEMENT  
June 30, 2014

NOTE 4 - DEFINED BENEFIT PENSION PLAN (CONT)

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes member-employee contribution rate at 4% of covered salary for Tier 1 members, which increased to 5% on January 1, 2014, and at 6% of covered salary for Tier 2 members. Member employee's contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

NOTE 5 - OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

U.S.D. 417's personnel earn ten days of sick leave per contract year. Any employee who completes a year with more than sixty days of accrued sick leave will be reimbursed at twenty-five dollars per day for each day in excess of sixty days. Upon separation of service, any unused sick leave is lost. Instructional personnel may take two days of personal leave per year and may accumulate up to six personal days. Provisions provide for legal leave, emergency leave, sabbatical leave, leave without pay, and professional leave. These may or may not result in a deduction in pay depending on determinations from the school board. The District also has adopted a Family Medical Leave policy.

Vacation pay is earned by twelve month employees as follows: first contract year = 5 days; second to tenth contract year = 10 days; eleventh to fifteenth contract year = 15 days; and sixteenth contract year and beyond = 20 days. No more than five vacations days may be carried over each year. A grandfather provision allows some employees a greater carryover. This carryover equals the amount of vacation time accumulated as of June 30, 1999 plus five days.

The District recognizes these benefits as paid; therefore no provision for accumulated leave has been in the financial statement. Compensated absence payments are made from the fund that corresponds to the employee duties.

Other Post Employment Benefits

The District provides an early retirement program as described in the District's negotiated agreement with certified personnel. As a measure of appreciation for their services, the district offers an early retirement cash benefit. This benefit is based on the retiree's salary at the time of retirement times the combined factors of age, years of experience in USD 417, and column placement on the salary schedule. The age factor provides a 5-15% benefit; the years in the district factor add between 4-15%; and the column placement factor results in a 1-5% benefit. Employees must submit a written request to the USD 417 Board of Education prior to April 1 preceding the anticipated retirement date. To correspond with KPERS retirement dates, teachers may elect June 1, July 1, August 1 or September 1 as the retirement date. The cash benefit is paid on the retirement date into an employer sponsored 403(b) account.

The district also provides health insurance to early retirees. Those eligible include retirees less than age 60 with 10 years of continuous employment in the district and KPERS qualified 85 points for retirement. The monthly contribution amount is limited to the amount contributed to a currently employed certified teacher for membership in the district health plan. The maximum benefit is for three years. Retirees between the ages of 60 and 64 with 5 years of continuous employment in the district receive a monthly contribution amount equal to the amount contributed to a currently employed certified teacher for membership in the district health plan until the retiree reaches age 65.

The District finances these benefits on a pay-as-you-go basis. Costs associated with these benefits for the fiscal year ended June 30, 2014 were \$121,295 for the retiree participants. These expenditures have been included as part of the General Fund. An estimate has not been made of the total amount of post employment benefit liability of the District or reported in the financial statement.

Morris County Unified School District No. 417  
Council Grove, Kansas

NOTES TO THE FINANCIAL STATEMENT

June 30, 2014

NOTE 5 - OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONT)

Other Post Employment Benefits (cont)

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the district under this program.

Section 125 Benefit Plan

U.S.D. 417 maintains an Internal Revenue Code Section 125 cafeteria plan. The amount of salary to be reduced shall not exceed the sum authorized by the Internal Revenue Code. Employees may select any combination of health insurance, salary protection insurance, cancer insurance, unreimbursed medical expenses, and daycare expenses as nontaxable fringe benefits

U.S.D. 417 contributes an amount equal to the annual premium of a single health insurance plan for certified instructional personnel. For all other employees, the benefit is prorated. For those employed prior to the 1993-94 school year, a cash option was available, allowing employees to receive the health benefit in cash less applicable withholding taxes and U.S.D. 417's obligation for social security, medicare, and unemployment. Current employees who drop their participation in the health plan will not be eligible for the cash option.

NOTE 6 - TRANSFERS

Transfers between budgetary funds are for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenues. Operating transfers during the fiscal year ended June 30, 2014 consisted of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Special Education	72-6428	\$670,320
General	At Risk K-12	72-6428	417,294
General	Food Service	72-6428	50,400
General	Bilingual Education	72-6428	55,540
General	Professional Development	72-6428	14,000
Supplemental General	Special Education	72-6433	108,250
Supplemental General	Vocational Education	72-6433	168,000
Supplemental General	At Risk 4 yr old	72-6433	39,000
Supplemental General	At Risk K-12	72-6433	96,908

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Insurance claims have not exceeded commercial coverage for the past three years. There were no significant reductions in insurance coverage from coverage in prior years.

Morris County Unified School District No. 417  
Council Grove, Kansas

NOTES TO THE FINANCIAL STATEMENT  
June 30, 2014

NOTE 8- LONG-TERM DEBT

On October 9, 2009, \$500,000 of General Obligation Bonds Series 2008-A were sold at an interest rate of 2.75% and maturity date of April 1, 2009. On November 12, 2009, \$8,760,000 of General Obligation Bonds Series 2008-B were sold at interest rates of 4.65% to 6% for a net interest cost of 4.90% over the life of the bonds. The Series 2008-A bond principal of \$500,000 and interest of \$1,833 were paid off with proceeds of the Series 2008-B Bonds. The remainder of the bond proceeds was used to make improvements to the existing Council Grove High School, to pay interest on the bonds during construction, and to pay for the cost of issuance of the bonds. The first interest payment for the Series 2008-B was made on March 1, 2009. The payments are made from the Bond & Interest Fund.

On May 1, 2013, the District issued \$4,085,000 of General Obligation Bonds Series 2013 at interest rates of 2.25% to 2.45%, for the purpose of advance refunding a portion of the above Series 2008-B General Obligation Bonds still outstanding. The net proceeds of the bonds of \$4,077,209 (net of reoffering premiums and underwriter discounts), along \$970,000 from the District's Redemption Fund were sent to the escrow agent, Security Bank of Kansas City. Of the \$5,047,209 sent to the escrow agent, \$4,994,244 was placed in an irrevocable escrow trust fund, assigned solely for the purpose of payment of principal on the refunded bonds and interest on the new issue through September 1, 2018. Additionally, \$49,465 was used for cost of issuance fees and \$3,500 was deposited into a compliance account. The advance refunded bonds in the amount of \$4,675,000 are considered to be defeased and are not disclosed as debt of the USD 417, other than interest payments the District will continue to make, nor is the trust considered to be an investment of the District. This refunding decreased total debt service payments by \$666,052, resulting in an economic gain (the difference between the present value of the debt service payments on the new and old debt) of \$308,511.

Changes in long-term liabilities for the District for the year ended June 30, 2014, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Final Maturity	Bal Beg of Year	Additions	Reductions/ Payments	Net Change	Bal End of Year	Interest Paid
General Obligation Bonds:										
Series:										
2013	2.25-2.45%	5/1/13	4,085,000	9/1/28	\$ 4,085,000		\$ 0	\$ 0	\$ 4,085,000	\$ 0
2008-B	4.65-6%	11/12/09	8,760,000	9/1/22	3,580,000	0	195,000	0	3,385,000	412,080
Total long-term debt					\$ 7,665,000	\$ 0	\$ 195,000	\$ 0	\$ 7,470,000	\$ 412,080

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2015	2016	2017	2018	2019	2020-2024	2025-2029	Total
PRINCIPAL								
2013 series	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560,000	\$ 3,525,000	\$ 4,085,000
2008 series	220,000	250,000	285,000	325,000	365,000	1,940,000	-	3,385,000
Total Principal	220,000	250,000	285,000	325,000	365,000	2,500,000	3,525,000	7,470,000
INTEREST								
2013 series	-	-	-	-	47,577	469,469	221,267	738,313
2008 series	400,668	387,742	373,030	355,443	220,366	199,140	-	1,936,389
	400,668	387,742	373,030	355,443	267,943	668,609	221,267	2,674,702
Total Principal and Interest	\$ 620,668	\$ 637,742	\$ 658,030	\$ 680,443	\$ 632,943	\$ 3,168,609	\$ 3,746,267	\$ 10,144,702

Morris County Unified School District No. 417  
Council Grove, Kansas

NOTES TO THE FINANCIAL STATEMENT  
June 30, 2014

NOTE 9- IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$354,936 subsequent to June 30, 2014 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2014.

NOTE 10 – CONTINGENCIES

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

The property valuation methodology used in valuing the Council Grove City Lake property has been appealed to the Board of Tax Appeals. The outcome of this appeal is unknown, however an unfavorable decision could have a material impact on the District.

REGULATORY-REQUIRED

SUPPLEMENTARY INFORMATION

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 1

Summary of Expenditures – Actual and Budget  
Regulatory Basis  
(Budgeted Funds Only)  
For the Fiscal Year Ended June 30, 2014

Governmental Type Funds	Certified Budget	Adjustment to Comply With Legal Max.	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	\$ 5,280,320	\$ (60,640)	\$ 117,152	\$ 5,336,832	\$ 5,336,832	\$ 0
Supplemental General - L.O.B.	1,817,201	(18,618)		1,798,583	1,798,583	0
Special Purpose Funds						
At Risk Four Year Old	74,229			74,229	38,216	(36,013)
At Risk (K-12)	529,729			529,729	514,031	(15,698)
Bilingual Education	64,378			64,378	52,037	(12,341)
Vocational Education	222,365			222,365	163,535	(58,830)
Special Education	1,162,114			1,162,114	803,660	(358,454)
Food Service	713,337			713,337	433,360	(279,977)
Driver Training	50,183			50,183	20,447	(29,736)
Capital Outlay	826,564			826,564	308,832	(517,732)
Summer School	18,840			18,840	0	(18,840)
Professional Development	141,435			141,435	7,375	(134,060)
Extraordinary School Program	51,146			51,146	24,487	(26,659)
KPERS Retirement	492,556			492,556	488,074	(4,482)
Gifts and Grants	26,667			26,667	26,142	(525)
Bond & Interest Fund						
Bond & Interest	607,080			607,080	607,080	0

See Accompanying Auditors' Report.



Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-A

Schedule of Receipts and Expenditures – Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Receipts				
Local Sources				
County Taxes	\$ 1,014,714	\$ 1,035,663	\$ 949,996	\$ 85,667
Reimbursements	9,321	117,152	0	117,152
State Sources				
General State Aid	3,757,913	3,580,155	3,715,856	(135,701)
Special Education Aid	605,179	611,570	614,468	(2,898)
Grant	2,000	0	0	0
Total Receipts	5,389,127	5,344,540	5,280,320	64,220
Expenditures				
Instruction	2,658,620	2,630,206	2,643,480	(13,274)
Student Support Services	144,527	139,052	140,214	(1,162)
Instruction Support Staff	118,338	118,626	119,903	(1,277)
General Administration	192,139	203,181	188,515	14,666
School Administration	549,097	604,633	596,613	8,020
Operations and Maintenance	0	86,518	0	86,518
Student Transportation Services	260,335	277,625	282,089	(4,464)
Other Supplemental Service	50,896	69,437	49,755	19,682
Fund Transfers				0
Bilingual Education	55,000	55,540	55,540	0
Capital Outlay	0	0	0	0
Special Education	605,179	670,320	670,320	0
Drivers Education	1,000	0	0	0
Professional Development	60,000	14,000	27,167	(13,167)
Textbook & Student Materials	135,000	0	0	0
Contingency Reserve	0	0	0	0
Food Service	50,000	50,400	89,430	(39,030)
Vocational Education	23,000	0	0	0
At Risk (4 yr old)	48,000	0	0	0
At Risk (K-12)	437,996	417,294	417,294	0
Adjustment to Comply with Legal Max	0	0	(60,640)	60,640
Legal Maximum General Fund Budget	5,389,127	5,336,832	5,219,680	117,152
Adjustment for Qualifying Budget Credits	0	0	117,152	(117,152)
Total Expenditures & Transfers	5,389,127	5,336,832	\$ 5,336,832	\$ 0
Receipts Over (Under) Expenditures	0	7,708		
Unencumbered Cash, July 1	0	0		
Unencumbered Cash, June 30	\$ 0	\$ 7,708		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-B

Schedule of Receipts and Expenditures – Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

SUPPLEMENTAL GENERAL – LOCAL OPTION BUDGET

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Local Sources				
County Taxes	\$ 1,375,885	\$ 1,420,245	\$ 1,305,301	\$ 114,944
Reimbursements	25	0	0	0
State Sources				
Supplemental State Aid	495,541	399,215	396,735	2,480
Total Receipts	<u>1,871,451</u>	<u>1,819,460</u>	<u>1,702,036</u>	<u>117,424</u>
Expenditures				
Instruction	439,926	405,137	362,134	43,003
Student Support Services	10,779	7,401	8,150	(749)
Instructional Support	10,633	14,673	15,000	(327)
General Administration	68,550	91,631	65,100	26,531
School Administration	10,522	17,373	11,000	6,373
Operations & Maintenance	783,315	633,719	764,631	(130,912)
Student Transportation	139,648	216,228	130,855	85,373
Other Supplemental Service	33,555	263	3,850	(3,587)
Fund Transfers				0
Vocational Education	150,000	168,000	173,371	(5,371)
At Risk 4 yr old	0	39,000	52,567	(13,567)
At Risk K-12	100,000	96,908	96,908	0
Professional Development	0	0	7,439	(7,439)
Textbook & Materials	5,000	0	0	0
Special Education	102,245	108,250	126,196	(17,946)
Adjustment to Comply with Legal Max	<u>0</u>	<u>0</u>	<u>(18,618)</u>	<u>18,618</u>
Total Expenditures	<u>1,854,173</u>	<u>1,798,583</u>	<u>\$ 1,798,583</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	17,278	20,877		
Unencumbered Cash, July 1	<u>97,887</u>	<u>115,165</u>		
Unencumbered Cash, June 30	<u>\$ 115,165</u>	<u>\$ 136,042</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-C

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

AT RISK FOUR YEAR OLD

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Transfer from General	\$ 48,000	\$ 0	\$ 0	\$ 0
Transfer from Supplemental General	0	39,000	52,567	(13,567)
Total Receipts	<u>48,000</u>	<u>39,000</u>	<u>52,567</u>	<u>(13,567)</u>
Expenditures				
Instruction	42,399	38,216	74,229	(36,013)
Total Expenditures	<u>42,399</u>	<u>38,216</u>	<u>\$ 74,229</u>	<u>\$ (36,013)</u>
Receipts Over (Under) Expenditures	5,601	784		
Unencumbered Cash, July 1	<u>16,062</u>	<u>21,663</u>		
Unencumbered Cash, June 30	<u>\$ 21,663</u>	<u>\$ 22,447</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-D

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

AT RISK (K – 12)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Transfer from General	\$ 437,996	\$ 417,294	\$ 417,294	\$ 0
Transfer from Supplemental General	100,000	96,908	96,908	0
Total Receipts	<u>537,996</u>	<u>514,202</u>	<u>514,202</u>	<u>0</u>
Expenditures				
Instruction	<u>536,293</u>	<u>514,031</u>	<u>529,729</u>	<u>(15,698)</u>
Total Expenditures	<u>536,293</u>	<u>514,031</u>	<u>\$ 529,729</u>	<u>\$ (15,698)</u>
Receipts Over (Under) Expenditures	1,703	171		
Unencumbered Cash, July 1	<u>13,824</u>	<u>15,527</u>		
Unencumbered Cash, June 30	<u>\$ 15,527</u>	<u>\$ 15,698</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-E

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

BILINGUAL EDUCATION

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Transfer from General	\$ 55,000	\$ 55,540	\$ 55,540	\$ 0
Transfer from Supplemental General	0	0	0	0
Total Receipts	<u>55,000</u>	<u>55,540</u>	<u>55,540</u>	<u>0</u>
Expenditures				
Instruction	51,467	52,037	64,378	(12,341)
Total Expenditures	<u>51,467</u>	<u>52,037</u>	<u>\$ 64,378</u>	<u>\$ (12,341)</u>
Receipts Over (Under) Expenditures	3,533	3,503		
Unencumbered Cash, July 1	<u>5,305</u>	<u>8,838</u>		
Unencumbered Cash, June 30	<u>\$ 8,838</u>	<u>\$ 12,341</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-F

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

VOCATIONAL EDUCATION FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Transfer from General	\$ 23,000	\$ 0	\$ 0	\$ 0
Transfer from Supplemental General	150,000	168,000	173,371	(5,371)
Other Local Revenue	0	3,471	0	3,471
Other State Aid	0	0	0	0
Total Receipts	<u>173,000</u>	<u>171,471</u>	<u>173,371</u>	<u>(1,900)</u>
Expenditures				
Instruction	<u>164,384</u>	<u>163,535</u>	<u>222,365</u>	<u>(58,830)</u>
Total Expenditures	<u>164,384</u>	<u>163,535</u>	<u>\$ 222,365</u>	<u>\$ (58,830)</u>
Receipts Over (Under) Expenditures	8,616	7,936		
Unencumbered Cash, July 1	<u>40,378</u>	<u>48,994</u>		
Unencumbered Cash, June 30	<u>\$ 48,994</u>	<u>\$ 56,930</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-G

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

SPECIAL EDUCATION FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Transfer from General	\$ 605,179	\$ 670,320	\$ 670,320	\$ 0
Transfer from Supplemental General	102,245	108,250	126,196	(17,946)
Other Local Revenues	180	0	0	0
Total Receipts	<u>707,604</u>	<u>778,570</u>	<u>796,516</u>	<u>(17,946)</u>
Expenditures				
Instruction	651,250	761,312	1,092,712	(331,400)
Student Transportation	53,224	42,348	69,402	(27,054)
Total Expenditures	<u>704,474</u>	<u>803,660</u>	<u>\$ 1,162,114</u>	<u>\$ (358,454)</u>
Receipts Over (Under) Expenditures	3,130	(25,090)		
Unencumbered Cash, July 1	<u>362,467</u>	<u>365,597</u>		
Unencumbered Cash, June 30	<u>\$ 365,597</u>	<u>\$ 340,507</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-H

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

FOOD SERVICE FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental Receipts				
Federal Aid	\$ 205,587	\$ 210,851	\$ 276,349	\$ (65,498)
State Aid	4,301	4,216	4,400	(184)
Food Service				
Meals	168,647	180,489	233,230	(52,741)
Miscellaneous	60	1,197	75	1,122
Transfer from General	50,000	50,400	89,430	(39,030)
Transfer from Supplemental General	0	0	0	0
Total Receipts	<u>428,595</u>	<u>447,153</u>	<u>603,484</u>	<u>(156,331)</u>
Expenditures				
Operations & Maintenance	8,297	1,307	10,500	(9,193)
Food Service Operation	<u>432,024</u>	<u>432,053</u>	<u>702,837</u>	<u>(270,784)</u>
Total Expenditures	<u>440,321</u>	<u>433,360</u>	<u>\$ 713,337</u>	<u>\$ (279,977)</u>
Receipts Over (Under) Expenditures	(11,726)	13,793		
Unencumbered Cash, July 1	<u>121,579</u>	<u>109,853</u>		
Unencumbered Cash, June 30	<u>\$ 109,853</u>	<u>\$ 123,646</u>		

See Accompanying Auditors' Report.



Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-I

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

DRIVER TRAINING FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Driver Training	\$ 3,441	\$ 2,890	\$ 4,140	\$ (1,250)
Payments from Individuals	6,700	6,700	8,300	(1,600)
Transfer from General	1,000	0	0	0
Transfer from Supplemental General	0	0	0	0
Total Receipts	<u>11,141</u>	<u>9,590</u>	<u>12,440</u>	<u>(2,850)</u>
Expenditures				
Instruction	8,687	8,257	11,125	(2,868)
Vehicle Operations & Maintenance	<u>1,833</u>	<u>12,190</u>	<u>39,058</u>	<u>(26,868)</u>
Total Expenditures	<u>10,520</u>	<u>20,447</u>	<u>\$ 50,183</u>	<u>\$ (29,736)</u>
Receipts Over (Under) Expenditures	621	(10,857)		
Unencumbered Cash, July 1	37,122	37,743		
Prior Year Cancelled Encumbrances	<u>0</u>	<u>446</u>		
Unencumbered Cash, June 30	<u>\$ 37,743</u>	<u>\$ 27,332</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-J

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

CAPITAL OUTLAY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
County Taxes	\$ 170,353	\$ 240,165	\$ 223,969	\$ 16,196
Interest on Idle Funds	11,939	11,156	0	11,156
Other Local Revenues	57,678	95,026	0	95,026
Federal Aid - Flood Allocation	699	0	0	0
Transfer from General Fund	0	0	0	0
Total Receipts	<u>240,669</u>	<u>346,347</u>	<u>223,969</u>	<u>122,378</u>
Expenditures				
Property & Equipment	73,726	63,397	681,675	(618,278)
Building Improvements	31,682	151,179	53,155	98,024
Architect & Engineering	0	16,067	91,734	(75,667)
Site Improvements	0	78,189	0	78,189
Total Expenditures	<u>105,408</u>	<u>308,832</u>	<u>\$ 826,564</u>	<u>\$ (517,732)</u>
Receipts Over (Under) Expenditures	135,261	37,515		
Unencumbered Cash, July 1	467,334	602,595		
Prior Year Cancelled Encumbrances	0	283		
Unencumbered Cash, June 30	<u>\$ 602,595</u>	<u>\$ 640,393</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-K

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

SUMMER SCHOOL

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Fees	\$ 0	\$ 0	\$ 0	\$ 0
Transfer from Supplemental General	0	0	0	0
Total Receipts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction	0	0	18,840	(18,840)
Operations & Maintenance	0	0	0	0
Other Supplemental Services	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>\$ 18,840</u>	<u>\$ (18,840)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, July 1	<u>18,840</u>	<u>18,840</u>		
Unencumbered Cash, June 30	<u>\$ 18,840</u>	<u>\$ 18,840</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-L

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

PROFESSIONAL DEVELOPMENT

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Receipts				
State Inservice Aid	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous Reimbursement	5,000	15	0	15
Transfer from General	60,000	14,000	27,167	(13,167)
Transfer from Supplemental General	0	0	7,439	(7,439)
Total Receipts	<u>65,000</u>	<u>14,015</u>	<u>34,606</u>	<u>(20,591)</u>
Expenditures				
Instructional Support Staff	51,988	7,375	141,435	(134,060)
Other Supplemental Services	0	0	0	0
Total Expenditures	<u>51,988</u>	<u>7,375</u>	<u>\$ 141,435</u>	<u>\$ (134,060)</u>
Receipts Over (Under) Expenditures	13,012	6,640		
Unencumbered Cash, July 1	93,817	106,829		
Prior Year Cancelled Encumbrances	0	69		
Unencumbered Cash, June 30	<u>\$ 106,829</u>	<u>\$ 113,538</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-M

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

EXTRAORDINARY SCHOOL PROGRAM

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Enrollment Fees	\$ 15,057	\$ 14,582	\$ 16,500	\$ (1,918)
Federal Aid	1,272	0	0	0
Grants & Donations	4,500	5,378	0	5,378
Transfer from General	0	0	0	0
Transfer grant from Gifts & Grants Fund	11,154	0	0	0
Total Receipts	<u>31,983</u>	<u>19,960</u>	<u>16,500</u>	<u>3,460</u>
Expenditures				
Instruction	<u>22,975</u>	<u>24,487</u>	<u>51,146</u>	<u>(26,659)</u>
Total Expenditures	<u>22,975</u>	<u>24,487</u>	<u>\$ 51,146</u>	<u>\$ (26,659)</u>
Receipts Over (Under) Expenditures	9,008	(4,527)		
Unencumbered Cash, July 1	<u>25,638</u>	<u>34,646</u>		
Unencumbered Cash, June 30	<u>\$ 34,646</u>	<u>\$ 30,119</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-N

Schedule of Receipts and Expenditures – Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

KPERS RETIREMENT

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Receipts				
State of Kansas KPERS	\$ 443,744	\$ 488,074	\$ 492,556	\$ (4,482)
Total Receipts	<u>443,744</u>	<u>488,074</u>	<u>492,556</u>	<u>(4,482)</u>
Expenditures				
KPERS Retirement Contribution	443,744	488,074	492,556	(4,482)
Total Expenditures	<u>443,744</u>	<u>488,074</u>	<u>\$ 492,556</u>	<u>\$ (4,482)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, July 1	<u>0</u>	<u>0</u>		
Unencumbered Cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-O

Schedule of Receipts and Expenditures – Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

GIFTS AND GRANTS

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Contributions & Donations	\$ 15,215	\$ 11,393	\$ 5,000	\$ 6,393
Total Receipts	<u>15,215</u>	<u>11,393</u>	<u>5,000</u>	<u>6,393</u>
Expenditures				
Purchased Prof & Tech Services	1,139	17,961	2,672	15,289
Other Purchases Services	0	1,050	0	1,050
Supplies	250	6,856	18,995	(12,139)
Other	0	275	5,000	(4,725)
Transfer grant to Extraordinary Fund	<u>11,154</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>12,543</u>	<u>26,142</u>	<u>\$ 26,667</u>	<u>\$ (525)</u>
Receipts Over (Under) Expenditures	2,672	(14,749)		
Unencumbered Cash, July 1	<u>18,995</u>	<u>21,667</u>		
Unencumbered Cash, June 30	<u>\$ 21,667</u>	<u>\$ 6,918</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-P

Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

TEXTBOOK RENTAL FUND

	Prior Year Actual	Current Year Actual
Receipts		
Student Receipts	\$ 18,331	\$ 20,397
Transfer from General	135,000	0
Transfer from Supp General	5,000	0
Total Receipts	<u>158,331</u>	<u>20,397</u>
Expenditures		
Textbooks & Materials	106,515	33,897
Other	0	0
Total Expenditures	<u>106,515</u>	<u>33,897</u>
Receipts Over (Under) Expenditures	51,816	(13,500)
Unencumbered Cash, July 1	70,157	121,973
Prior Year Cancelled Encumbrances	0	154
Unencumbered Cash, June 30	<u>\$ 121,973</u>	<u>\$ 108,627</u>

CONTINGENCY RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Transfer from General	\$ 0	\$ 0
Total Receipts	<u>0</u>	<u>0</u>
Expenditures		
Other	0	0
Total Expenditures	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, July 1	330,285	330,285
Unencumbered Cash, June 30	<u>\$ 330,285</u>	<u>\$ 330,285</u>

See Accompanying Auditors' Report.



Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-Q

Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014

FEDERAL GRANTS

	Title I	Title II A Teacher Quality	Rural Education
Receipts			
Intergovernmental	\$ 120,764	\$ 35,595	\$ 22,644
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total Receipts	<u>120,764</u>	<u>35,595</u>	<u>22,644</u>
Expenditures			
Instruction	<u>120,853</u>	<u>36,195</u>	<u>22,644</u>
Total Expenditures	<u>120,853</u>	<u>36,195</u>	<u>22,644</u>
Receipts Over (Under) Expenditures	(89)	(600)	0
Unencumbered Cash, July 1	0	0	0
Prior Year Cancelled Encumbrances	<u>89</u>	<u>600</u>	<u>0</u>
Unencumbered Cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-R

Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

REDEMPTION FUND

	Prior Year Actual	Current Year Actual
Receipts		
Investment Income	\$ 4,134	\$ 894
Reimbursements	0	8,560
Total Receipts	<u>4,134</u>	<u>9,454</u>
Expenditures		
Project Costs	11,154	0
Advanced Refunding Payment & Bond Fees	970,025	0
Transfer to Bond & Interest Fund	50,000	0
Total Expenditures	<u>1,031,179</u>	<u>0</u>
Receipts Over (Under) Expenditures	(1,027,045)	9,454
Unencumbered Cash, July 1	<u>1,944,039</u>	<u>916,994</u>
Unencumbered Cash, June 30	<u>\$ 916,994</u>	<u>\$ 926,448</u>

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-S

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

BOND AND INTEREST FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
County Taxes	\$ 492,004	\$ 538,148	\$ 505,002	\$ 33,146
Intergovernmental				
State Aid	76,975	66,779	66,779	0
Transfer from Redemption Fund	50,000	0	0	0
Transfer from Improvement Fund	0	0	0	0
Total Receipts	<u>618,979</u>	<u>604,927</u>	<u>571,781</u>	<u>33,146</u>
Expenditures				
Principal	170,000	195,000	195,000	0
Interest	422,117	412,080	412,080	0
Commission & Postage	0	0	0	0
Total Expenditures	<u>592,117</u>	<u>607,080</u>	<u>\$ 607,080</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	26,862	(2,153)		
Unencumbered Cash, July 1	<u>468,275</u>	<u>495,137</u>		
Unencumbered Cash, June 30	<u>\$ 495,137</u>	<u>\$ 492,984</u>		

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-T

Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

SCHOOL IMPROVEMENT FUND

	Prior Year Actual	Current Year Actual
Receipts		
Bond Proceeds	\$ 0	\$ 0
Investment Income	0	0
Total Receipts	<u>0</u>	<u>0</u>
Expenditures		
Purchased Professional & Technical Services	0	0
Architectural & Engineering	0	0
New Building Construction	0	0
Other Bond Expenses	2,600	0
Transfer to Bond & Interest Fund	0	0
Transfer to Redemption Fund	0	0
Total Expenditures	<u>2,600</u>	<u>0</u>
Receipts Over (Under) Expenditures	(2,600)	0
Unencumbered Cash, July 1	<u>3,018</u>	<u>418</u>
Unencumbered Cash, June 30	<u>\$ 418</u>	<u>\$ 418</u>

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 2-U

Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

PRIVATE PURPOSE TRUST FUNDS

	Prior Year Actual	Current Year Actual
Receipts		
Donations & Memorials	\$ 227	\$ 4,948
Expenditures		
Student Activities	765	4,882
Receipts Over (Under) Expenditures	(538)	66
Unencumbered Cash, July 1	13,888	13,350
Unencumbered Cash, June 30	<u>\$ 13,350</u>	<u>\$ 13,416</u>

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 3

Summary of Receipts and Disbursements  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014

AGENCY FUNDS

	Cash Balance 7/1/2013	Receipts	Disbursements	Cash Balance 6/30/2014
Student Organization Accounts				
Council Grove Elementary/Middle School				
Pep Club	\$ 91	\$ 0	\$ 0	\$ 91
Student Council	529	166	399	296
8th Grade	0	2,087	2,087	0
7th Grade	0	180	180	0
K-6th Grade	701	1,067	1,768	0
Band	562	763	716	609
Honor Choir	0	2,059	2,009	50
Cheerleaders	153	4,105	4,062	196
P.T.O. Student Assistance	2,606	9,750	8,385	3,971
Council Grove High School				
Seniors	1,305	1,351	1,428	1,228
Juniors	698	5,713	5,801	610
Sophomores	295	270	231	334
Freshman	271	245	516	0
Band	466	1,569	1,769	266
F.F.A.	2,586	21,379	19,553	4,412
F.C.A.	174	809	160	823
Kays	845	1,411	818	1,438
C.G. Club	211	165	8	368
F.B.L.A.	1,170	9,282	9,594	858
F.C.C.L.A.	1,346	7,514	8,856	4
F.A.C.S.	65	5,639	5,699	5
Garden Growers Club	364	1,801	1,553	612
Art Club	911	581	1,002	490
Spanish Club	96	3,160	2,702	554
Student Senate	0	10,307	9,878	429
Key Club	701	1,695	1,406	990
Technology Club	102	0	0	102
Robotics	416	249	266	399
Yearbook (Annual)	(526)	7,189	1,876	4,787
Trail Blazer	476	341	590	227
Cheerleaders	2,956	14,053	14,676	2,333
National Honor Society	18	291	258	51
Bravettes	2,744	6,959	7,817	1,886
Prairie Production	123	68	40	151
Scholars Bowl	1,692	1,177	1,445	1,424
Brave Voices	1,157	11,438	11,728	867
Library	85	4,086	4,086	85
CG Players	921	1,058	547	1,432
Total Forward	\$ 26,310	\$ 139,977	\$ 133,909	\$ 32,378

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 3 (Cont.)

Summary of Receipts and Disbursements  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014

AGENCY FUNDS

	Cash Balance 7/1/2013	Receipts	Disbursements	Cash Balance 6/30/2014
Total Brought Forward	\$ 26,310	\$ 139,977	\$ 133,909	\$ 32,378
Prairie Heights Elementary				
Student Council	1,564	90	0	1,654
Classes	0	117	117	0
Prairie Heights Middle School				
Pep Club	347	3	0	350
8th Grade	1,405	2,811	1,955	2,261
7th Grade	0	232	236	(4)
1 - 6th Grade	126	594	594	126
Band	1,092	59	139	1,012
Student Council	1,355	4,491	3,890	1,956
Total Student Organization Funds	<u>\$ 32,199</u>	<u>\$ 148,374</u>	<u>\$ 140,840</u>	<u>\$ 39,733</u>
Clearing Funds				
Council Grove Elementary/Middle School	\$ 0	\$ 1,428	\$ 1,408	\$ 20
Council Grove High School	0	6,150	6,150	0
Prairie Heights Elementary School	0	142	91	51
Prairie Heights Middle School	<u>0</u>	<u>107</u>	<u>107</u>	<u>0</u>
Total Clearing Funds	<u>\$ 0</u>	<u>\$ 7,827</u>	<u>\$ 7,756</u>	<u>\$ 71</u>
Total Agency Funds	<u>\$ 32,199</u>	<u>\$ 156,201</u>	<u>\$ 148,596</u>	<u>\$ 39,804</u>

See Accompanying Auditors' Report.

Morris County Unified School District No. 417  
Council Grove, Kansas

Schedule 4

Schedule of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2014

DISTRICT ACTIVITY FUNDS

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts						
CGMS Student Athletics	\$ 4,688	\$ 25,286	\$ 17,712	\$ 12,262	\$ 0	\$ 12,262
CGHS Student Athletics	4,907	102,961	93,530	14,338	0	14,338
PHMS Student Athletics	5,666	60	100	5,626	0	5,626
Total Gate Receipts	<u>15,261</u>	<u>128,307</u>	<u>111,342</u>	<u>32,226</u>	<u>0</u>	<u>32,226</u>
School Projects						
Council Grove High School						
Vo-Ag	2,425	2,297	3,844	878	0	878
Art	2,940	2,083	2,289	2,734	0	2,734
Total School Projects	<u>5,365</u>	<u>4,380</u>	<u>6,133</u>	<u>3,612</u>	<u>0</u>	<u>3,612</u>
Total District Activity Funds	<u>\$ 20,626</u>	<u>\$ 132,687</u>	<u>\$ 117,475</u>	<u>\$ 35,838</u>	<u>\$ 0</u>	<u>\$ 35,838</u>

See Accompanying Auditors' Report.